
TOO GOOD TO BE TRUE....

A Column on Consumer Issues

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Testing Your Financial Literacy – Part 2

Are you a good consumer? Do you know the terminology that goes along with being a good consumer? Last week we began our series on financial literacy. This week we have four more questions you should ask yourself in an effort to "Test Your Financial Literacy."

1. True or False: The type of car you own affects the price you pay for auto insurance.
2. A reverse mortgage is:
 - a. A rising debt loan
 - b. Only available to someone 62 years of age or older
 - c. Generally not tied to income
 - d. All of the above
3. How many days does a creditor have to acknowledge your written complaint about a billing error?
 - a. 30 days
 - b. 60 days
 - c. 90 days
 - d. 120 days
4. If your credit card was lost or stolen and used to charge items you didn't authorize, you are responsible for what amount?
 - a. Up to \$50
 - b. Up to \$100
 - c. Up to \$500
 - d. All unauthorized charges

Lets find out how you did on this section of the quiz. Here are the answers:

1. **True.** Your premium is based in part on the car's sticker price, the cost to repair it, its overall safety record and the likelihood of theft. Many insurers offer discounts for features that enhance safety or prevent theft. These include airbags, anti lock brakes, daytime running lights, and anti-theft devices. Insurers also offer incentives if the insured has taken a qualified defensive driving course and if student drivers maintain a certain grade point average. Check with your

insurance carrier to determine what steps you may be able to take to reduce your insurance premium.

2. **d. All of the above.** Reverse mortgages allow consumers over age 62 to convert the equity in their homes to cash while retaining ownership. With a reverse mortgage, you receive money from the lender and generally do not have to pay it back for as long as you live in your home. In return, the lender holds some, if not most, or all of your homes' equity.
3. **a. The creditor has 30 days.** The creditor must acknowledge your complaint in writing within 30 days after receiving it, unless the problem has already been resolved. The creditor must resolve the dispute within two billing cycles (but no more than 90 days) after receiving your letter.
4. **a. You are responsible for up to \$50.** Your maximum liability under federal law for unauthorized use of your credit card is \$50. If you report the loss or theft before your credit cards are used, the Fair Credit Billing Act says the card issuer cannot hold you responsible for any unauthorized charges. If a thief uses your cards before you report them missing, the most you will owe for unauthorized charges is \$50 per card. If the loss or theft involves your credit card number, but not the card itself, you have no liability for unauthorized use.

For more tips on managing your money wisely, you may wish to visit the Federal Trade Commission website at www.ftc.gov. Next week we will review four more questions on financial literacy.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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